

people part time. To broadcast the news on WBBH-TV and WZVN, Waterman Broadcasting Corporation of Florida presently employs 80 full time employees and two part time employees in its News Department serving both stations. This news organization provides the community with the most extensive news gathering staff in the market. Certain news employees, anchors, reporters and producers work exclusively for one station. Other employees, Executive Producers, Assignment Editors, Photographers and Editors work on product for both stations' newscasts. This arrangement provides for a unique product and different points of view on each television station.

Fulltime Personnel on Duty. Prior to the LMA, WZVN-TV was unable to staff the newsroom overnight or during much of the weekend. If breaking news or severe weather occurred, they were unable to inform the community. With news staff now on duty at the station 24 hours a day, both stations are able to disseminate critical information to the public almost instantly.

Establishment of Remote Bureaus. Another feature of our combined news operation is the use of news bureaus in other counties. These bureaus are equipped with live capabilities and allow both stations to better serve the public in a wider geographic area. WZVN-TV was unable to afford any remote bureaus as a single station and provided virtually no local news coverage to some of the counties in our DMA.

EFFICIENCY COMBINED WITH AUTONOMY

The day-to-day business operations of the LMA are designed to provide both WZVN-TV and WBBH-TV with as much autonomy as possible, while taking advantage of the benefits of economies of scale and their associated efficiencies.

Examples:

Management: Autonomy is assured because the President and General Manager of the brokered station, who is also the controlling stockholder of the licensee, maintains a full time office at studios shared by the two stations. The Executive Vice President and General Manager of the brokering station discusses all significant matters involving programming scheduled for broadcast on the brokered station with the brokered station's President/General Manager and defers to her decisions. The President/General Manager of the brokered station also participates in the weekly department head and marketing meetings of the brokering station's staff to discuss matters pertinent to the brokered station. Autonomy is also enhanced through each station employing its own Chief Engineer.

Sales: Sales autonomy is maintained through each station having its own Local and National Sales Manager. Each station also has its own local sales staff that includes eight account executives on the brokered station and nine account executives on the brokering station. Each station uses its own rate card. The stations are not sold in combination. Each station also has its own exclusive sales assistants and separate traffic personnel. The brokered station maintains an independent main studio location in Bonita Springs with its own receptionist. Efficiency is advanced because the WBBH-TV receptionist is able to provide services for WZVN-TV in Fort Myers, and the WZVN receptionist is able to provide services for WBBH-TV in Bonita Springs.

Additional Operational Considerations: The brokered station (WZVN-TV) has a staff of producers, news, weather and sports anchors that exclusively serve that station. WZVN-TV is licensed to Naples, Florida. Its transmitter is approximately 46 km. from the transmitter of the brokering station. The prior owners of WZVN-TV operated their main studio at Bonita Springs, approximately 15 miles north of the community of license. The present licensee, in cooperation with the brokering station, has made arrangements to close the Bonita Springs office and to open a live news studio in Naples itself. The news studio will be supported by serving both the brokered and brokering stations and is expected to open by the

fall of 1997. Station WTVK-TV, licensed to Naples but also located in Bonita Springs, does not provide local news.

MORE INVESTMENT IN FIXED ASSETS

An important efficiency resulting from the LMA is the shared utilization of fixed assets. A station that is financially and fixed-asset distressed, such as WZVN-TV, can become a viable television station through utilization of specific fixed assets of a brokering station, such as WBBH-TV. The stronger television station can provide financial and fixed asset support that would otherwise be unavailable. This arrangement enables both stations to better serve the public interest, convenience and necessity.

Examples:

Doppler Radar: A \$400,000 investment that brokered station could not have made individually. Now, the community can benefit from a powerful and accurate life-saving tool in an area with severe weather conditions. Previously, WZVN-TV had no local radar. WBBH-TV had an outdated, weak weather radar. This radar gives both station's meteorologists the tools needed to predict and inform viewers before severe weather strikes.

New Digital Routing System: The combination of two television station operations allows an investment in one larger digital routing system rather than buying two smaller systems at a greatly increased price. Now both WZVN-TV and WBBH-TV are capable of routing digital signals in preparation for Digital Television. This is equipment that WZVN-TV would not have if it were not for the combined operation. Cost: \$180,000

Satellite News Gathering Vehicle and 3 Microwave Live Trucks:

WBBH-TV previously was the only station in the market that could provide live remote coverage of stories of local importance happening outside the region. Now, WZVN-TV benefits from this news gathering tool. WZVN is also able to provide the ABC Television Network for the first time with satellite feeds of regional/national importance. Additionally, Waterman Broadcasting Corporation of Florida purchased a new state-of-the-art ENG vehicle dedicated for WZVN. Previously, WZVN-TV had an unsafe home-made live vehicle. WZVN has access to the other ENG trucks owned by WBBH-TV. Cost for live vehicles: \$675,000

New Digital Studio and Control Room: A \$3.5 million investment by the brokering station provides the brokered station with the most advanced broadcast studio in the market. The 3600 square foot facility was built by

Waterman Broadcasting Corporation of Florida exclusively for WZVN-TV's use adjoining the WBBH-TV facility. The fully digital control room will provide for a smooth transition to Digital Television and High Definition Television.

Transmitter Remote Control: Waterman Broadcasting Corporation of Florida purchased and installed a state-of-the-art transmitter remote control system to serve both stations. This gives Master Control Operators a better and more reliable system to monitor and resolve transmitter problems. When severe weather strikes or WZVN-TV suffers a power outage at its transmitter, the station is now able to switch to generator power at the touch of a button. This makes the station more reliable for the viewers. Previously, an engineer had to make a 30 minute trip to the transmitter to switch to generator power.

Water.Net: Waterman Broadcasting Corporation of Florida created and constructed a local internet service company, Water.Net. In addition to access to the Worldwide Web for both stations, Water.Net created elaborate home pages for both WZVN-TV and WBBH-TV. The internet sites provide a simple and easy way for viewers to communicate with the brokered station. The pages also feature up-to-the minute weather forecasts, programming information and other important information. In April, Waterman Broadcasting Corporation of Florida made Doppler Radar available on the WZVN-TV and WBBH-TV home pages. This feature is already being used by schools in planning outdoor activities such as track meets and outdoor graduation ceremonies and by the Southwest Florida Boy Scout Council at their summer camp to protect young scouts.

RadarNet: Unlike the Doppler image provided through the stations' home pages (which is updated every five minutes), RadarNet provides subscribers with real-time, live, manipulative Doppler radar. RadarNet is designed as an economical way for public service agencies and commercial enterprises to have access to instant, accurate weather information. This image, which is distributed via the Vertical Blanking Interval (VBI) of the broadcast signal, is identical to what is used by our on-air meteorologists and can be manipulated by subscribers. Storms can be tracked in real-time by public safety officials who can then more intelligently deploy response teams. As a public service, Waterman Broadcasting Corporation of Florida has waived all RadarNet data charges (normally \$125 per month) to area public safety organizations. This is a direct benefit of the WZVN/WBBH LMA.

Conversion from 3/4" to Beta Tape Format: Waterman Broadcasting Corporation of Florida advanced WEVU-TV from 3/4" to Beta tape format in news and programming playback. Prior to that change, the quality of the on air picture on WZVN-TV was inferior to that of other stations in the market, thus contributing to a poor station image. The Beta format provides for more streamlined operations and fewer on-air discrepancies.

Digital Commercial Playback: WZVN-TV was the first station in our market to provide a digital, non-linear commercial playback system. This system represents one of the many steps necessary to convert WZVN-TV into a fully digital television station. Both Waterman Broadcasting Corporation of Florida and Montclair Communications, Inc. embrace the FCC's mandate to develop digital and advanced television. We are committed to provide our communities with complete digital television service. We will be able to transition to digital television by being able to share digital infrastructure between the two stations working together under the LMA.

New Studio-Transmitter Link Tower: As part of Waterman Broadcasting Corporation of Florida's \$3.5 million studio expansion, a new studio-transmitter-link tower was constructed for WZVN-TV. This tower was specifically designed with four goals. 1) A taller tower (165 ft. vs. 90 ft.) provides a more reliable signal from the studio to the transmitters during marginal weather conditions which may have created a signal loss using the old tower and equipment. 2) The tower was designed to house the new Doppler Radar and its 14 foot protective radome. 3) The tower was built to exceed all current wind loading requirements in southern Florida - thus making the signals for both stations more reliable during tropical storms and hurricanes. 4) We agreed with the city and county governments to design the tower strong enough to accommodate all interested PCS companies and to offer rental space at reasonable prices. This reduces the need for the construction of other towers in this area of our community.

New Studio Cameras: Waterman Broadcasting Corporation of Florida purchased two Phillips LDK-10 cameras for use by WZVN's news studio. The cameras have a digital output and are capable of providing a picture in the 16 x 9 format that will be needed in the future. They will further help the station in its transition to digital television.

**ADDITIONAL INFORMATION REGARDING THE STATION
AND THE FORT MYERS-NAPLES, FLORIDA, MARKET**

Size of Market. The designated market area (DMA) for measuring television audiences in the market where WBBH-TV and WZVN-TV operate consists of six counties: Collier, Lee, Charlotte, Desoto, Hendry and Glades. Naples (WZVN-TV's community of license) is located in Collier County. Fort Myers (WBBH-TV's community of license) is located in Lee County. Collier, Lee and Charlotte counties account for 90% of television homes in the DMA. A wide range of media voices serve the DMA. Because of the wide variety of media owners in the market, many with multiple stations and multiple revenue streams, we believe that the LMA between WZVN-TV and WBBH-TV is appropriate and essential for the survival of WZVN-TV.

History of WZVN-TV, WBBH-TV, and the LMA. Before entering into the subject brokering agreement, the President of the brokering station, along with counsel, met with FCC staff members in 1992 to discuss the possibility of similar arrangement involving WTVK-TV (formerly WNPL-TV), another distressed station in Naples. This meeting provided helpful advice to avoid conflicts of interest and also stressed emphasis to be placed on serving the community's needs. The LMA with WZVN-TV was structured pursuant to the advice given at that meeting, including that each station should continue to provide service to its own community of license.

The license for the brokered station has been assigned or transferred four times in the past four years. It was sold by Caloosa Television Corporation to FCVS Communications in 1992 and by FCVS to Elcom of Florida, Inc. ("Elcom") in 1993. In April 1994, Elcom contacted Waterman Broadcasting Corporation of Florida to discuss a time brokerage agreement with WBBH-TV. Elcom emphasized its reluctance to properly equip WZVN-TV and to invest in a competitive news staff to properly serve the area. WZVN-TV's marginal cash flow severely limited any licensee's ability to earn a return on any investment in the station. The LMA began on June 1, 1994.

Subsequently, control of Elcom was transferred to Raycom Media, in August 1996. After further consultation with the Commission's Staff concerning the LMA, Raycom in turn sold the station to Montclair Communications, Inc. ("Montclair") in October 1996. Montclair's president and sole stockholder, Lara Kunkler, was able to purchase the brokered station supported by payments received through the LMA. She provides, as an on-site local owner, daily input into all aspects of the brokered station, underscoring and assuring the continuation of the exclusive public affairs and public service programs and daily newscasts broadcast by WZVN-TV.

For the 12 years before entering into the time brokerage agreement, WZVN-TV had, at best, only marginal financial success. Now, through the LMA, the station serves the public through a state-of-the-art television station, providing competitive news and public affairs programming to better serve its viewers and without duress of financial restraint. The Brokering station pledged at the inception of the LMA to provide state-of-the-art physical facility and qualified staff to program WZVN-TV and has fulfilled that obligation. Please refer to Exhibit #3 for chronological details.

Local Dedication and Commitment

WBBH-TV, the brokering station, has been owned by Waterman Broadcasting Corporation of Florida since 1979. Bernard Waterman is President, and Bernard and Edith Waterman are sole stockholders. Mr. and Mrs. Waterman are dedicated local residents of the Florida West Coast. They made up their mind to be economically successful in the local television business and have invested in both WBBH-TV and WZVN-TV with more than just the bottom line in view. They have invested more than might be expected of a non-local owner managed by Wall Street financiers focused on stock value appreciation.

Market Competition

The public in the Ft. Myers-Naples DMA receives mass media services from many diverse sources, and WBBH-TV and WZVN-TV face substantial competition from other

television stations serving Southwest Florida. The LMA does not lessen this competition in any significant way. Media in the market include:

***VHF**

WINK-TV	VHF	Channel 11	CBS Affiliate	Licensed to Fort Myers
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***UHF**

WBBH-TV	UHF	Channel 20	NBC Affiliate	Licensed to Fort Myers
WFTX-TV	UHF	Channel 36	FOX Affiliate	Licensed to Cape Coral
WGCU-TV	UHF	Channel 30	PBS Affiliate	Licensed to Fort Myers
WRXY-TV	UHF	Channel 49	Religious	Licensed to Tice
WTVK-TV	UHF	Channel 46	UPN Affiliate	Licensed to Naples
WZVN-TV	UHF	Channel 26	ABC Affiliate	Licensed to Naples

Radio Stations serving Southwest Florida: 32 radio stations serve the market.

Concentrated Ownership; Fort Myers Broadcasting, licensee of VHF station WINK-TV, also owns one AM and two FM radio stations. Meridian Broadcasting, recently formed by the former General Manager of WINK-AM-FM-TV, and which is financed by Fort Myers Broadcasting, owns two FM and one AM radio stations. Additionally, Meridian Broadcasting programs the three radios owned by Fort Myers Broadcasting under LMA's, thus giving one broadcasting company an interest in and/or significant influence over six radio stations and the only VHF network affiliate in the market.

More Consolidation Coming. Clear Channel Broadcasting, Inc, recently purchased some 50 radio stations in Florida, and already owns 3 FM and 2 AM stations in the local market. Beasley Broadcasting, owner of 16 stations nationwide, owns two FM stations and one AM station locally.

Cable Television Companies. Four major Cable Companies cover 95% of the DMA, including, MediaOne (a.k.a. US West-Continental), Jones Inter-Cable, Time Warner and Comcast. Additionally, there are two viable MMDS systems. Our area also has a 5% DBS penetration.

MediaOne and Jones Intercable (which together cover 70% of the market) have formed a subsidiary company called Southwest Florida Interconnect. This company sells

commercial television advertising on eight of the top cable channels and competes with television broadcasters in the area. According to best estimates, Southwest Florida Interconnect now has television advertising sales which exceed those of two other commercial stations and is approaching the total billing of WZVN-TV.

MediaOne also serves as the local network affiliate for the WB Network. They carry the network on their cable channel 10 and market it as "WSWF-TV". Now, all of the other cable operators carry the MediaOne WB Network station "WSWF-TV" on their cable channel 10. This gives "WSWF-TV" coverage parity with the over-the-air licensed broadcasters in the market. Additionally, "WSWF-TV" competes with over-the-air broadcasters producing daily newscasts and competing for syndicated programming. "WSWF-TV" should be given full recognition when considering television "voices" in our market.

Newspapers and Magazines. The Scripps Howard Group owns the daily local newspaper serving Naples. The Gannett Group owns the daily local newspaper serving Fort Myers. A local owner publishes a daily local newspaper in Charlotte County. More than thirty weekly newspapers and magazines are published in the area.

CONCLUSION

The key tenet of commercial television broadcasting is that the licensee operate in the public interest, convenience and necessity. It is not the normal concern of the licensing agency whether or not an owner (or licensee) is financially successful. But in today's complicated broadcasting landscape, the ability to successfully serve the public interest, convenience and necessity is directly related to a station's financial stability.

The harsh reality is that when a station faces the choice of whether to pay the electric bill or to hire someone to explore the possibilities of a locally produced children's program, the decision is obvious. When faced with the choice between simply passing through a network's digital signal to be "in technical compliance" with the digital requirements or to operate a full service digital news operation, the choice will, again, be obvious to a financially distressed station.

Please keep in mind that small stations face the same digital transmitter costs as their major market cousins. Without the financial safety net of group or network ownership...or the possibility of an LMA or dual ownership... many small market stations will not survive the digital transition. And of those that do survive, many will be forced to sacrifice services that would allow them truly to serve the public interest. These stations will be forced into "minimum service broadcasting."

While the conventional wisdom may be that LMA's are most important to help independents in large markets where no major network affiliations are available, in truth, smaller market stations are in greater need of the financial security provided by LMA's than those in large markets. The government has long recognized that some communities may be better served with newspaper joint operating agreements rather than completely losing a newspaper voice. We believe that small market television is in a similar situation.

The question to the FCC should not be entirely "what is the impact of LMA's and duopolies on the public interest?" Rather it should be "what will the cost to the public interest be without LMA's or duopolies?" In the case of Fort Myers-Naples, Florida, the public is most assuredly better off with the WBBH/WZVN LMA than with the alternative.

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WZVN-TV/WBBH-TV PROGRAMMING LINE-UP

	<u>WZVN-TV, ABC</u>	<u>WBBH-TV, NBC</u>
5am-6am	ABC News	NBC News
6am-6:30am	ABC News	Local News
6:30am-7am	Local News	Local News
7a-9a	Good Morning America	The Today Show
9a-10a	LIVE with Regis & Kathie Lee	Sally Jesse Raphael
10a-10:30a	Martha Stewart: LIVING	Jerry Springer
10:30a-11a	The Gayle King Show	Jerry Springer
11a-12p	The View	Jenny Jones
12p-12:30p	Pictionary	Local News
12:30p-1p	Port Charles	Local News
1p-2p	All My Children	Sunset Beach
2p-3p	One Life to Live	Another World
3p-4p	General Hospital	Days of Our Lives
4p-5p	Judge Judy	Howie Mandel
5p-6p	Ricki Lake	Local News
6p-6:30p	Local News	Local News
6:30p-7p	ABC News	NBC News
7p-7:30p	Local News	Wheel of Fortune
7:30p-8p	Entertainment Tonight	Jeopardy!
8p-11p	ABC Network	NBC Network
11p-11:35p	Local News	Local News